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FROM: Benghazi

TO: Secretary of State

NO: 213, November 1, Noon

My discussion with Prime Minister October 25 indicated GOL will want from approaching aid negotiations either change in aid procedures or substantially more money or both.

My question on newspaper reports of Soviet hospital offer (Tripoli's 270) brought one explanation of difficulty Prime Minister faced in turning down numerous "You name it, we will do it" Soviet offers. Soviets could not lose, since acceptance would mean influx of Soviet "technicians", and rejection, in light Libyas' obvious needs, impossible for GOL explain satisfactorily to parliament and people.

Prime Minister then launched into tirade against American aid procedures (implying his difficulties in rejecting Soviet aid were compounded by unsatisfactory nature American aid, although he did not actually say as much). Substance of complaints was (A) no results apparent to people; (B) nothing ever got finished, too much money still unused; (C) Americans refused to support projects desired by Libyans; (D) GOL did not want loans but at least if loans insisted on, GOL should be able use proceeds as saw fit.

After dwelling at length on complaints arising from operation Wheelus Air Base, including noise nuisance, Prime Minister finally got to what may have been point of argument. GOL would prefer fixed rent paid for Wheelus and would then need no American aid program. In any event, reduction special funds to $1 million after 1960 impossible accept. Better to close base entirely.

Prime Minister cited British manner of extending aid as model. British naver interfered and were respected and liked throughout Libya.

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out Libya. Discussion ended on friendly note with declaration Prime Minister's Western orientation. Full report including my rebuttals follows by despatch.

I believe Prime Minister voiced extreme position on rent versus aid for base facility for purposes of argument. Doubt he could, for domestic political reasons, wipe out entirely US economic aid program which presently supporting major portion Libyan economy.

Further analysis and comments on Libyan position will follow in subsequent messages.

JONES

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